SEPTEMBER 1984

Business and commercial Aviation

including COMMUTER
—Starts Opposite Page 54

Saab-Fairchild SF-340

Global Systems' New AFIS

1984 Salary Survey

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CLEARANCE DELIVERY

Business aviation is an international endeavor. All parts of the world have a need for the advantages of on-demand transportation, be it via a private aircraft or by one of the many charter and contract companies operating business aircraft. More U.S. companies are flying their business jets overseas. And the manufacture of business aircraft seems to be involving more international companies and collaborations now than any time within recent memory.

Since its inception, B/CA has been sent to the owners and managers of business aviation aircraft wherever they were located, regardless of nationality. Currently, over 7,500 operators of business aircraft who reside outside the United States receive B/CA, and it is not unusual for us to receive several pieces of mail each month from faraway places such as Australia and South Africa.

Because of the international nature of business aviation, our coverage of stories of interest to owners and managers of business aircraft often involves traveling overseas. For example, this month's cover feature on the Saab-Fairchild SF-340 required a trip to Linkoping, Sweden to meet with Saab-Fairchild engineers and to fly the aircraft. We find that we are in a position to present

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more current and in-depth information when we go to the source of the subject than merely fitting in a flight when the subject aircraft is at an air show or on a demo tour for marketing purposes.

In another feature that reflects the international nature of business aviation (even though it only involved a visit to the West Coast of the United States), we have a feature article on the latest addition to Global System's GNS-1000 long-range navigation system.

Thus,in providing our readers this month with need-to-know information to enhance the utilization and safety of their business aircraft operations, B/CA's editors traveled more than one-third the way around the world. And next month's issue also will reflect the same involvement with the international nature of business aviation.

B/CA travels long and far to bring you, the people who are responsible for business aviation, information that benefits your operation. We go to where the action is because you deserve the best coverage possible.

THE COVER

The Saab-Fairchild SF-340 was photographed by John Dahlin of Saab-Scania. George Larson took the picture of Global's AFIS terminal, and Mike Perry created the Salary Survey illustration.

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Business and commercial Aviation

1984 B/CA Salary Survey

Salaries are up this year across the aviation spectrum, with only a few segments of the industry yet to feel the recovery. And if the economy continues to improve and inflation lays low, 1985 looks better still.

by David W. Almy

For the last two years, as business aviation has endured the worst recession in several decades, we have regrettably reported large-scale stagnation of salaries among flight departments. The aggregate salary increase for aviation personnel during the last *two* years totaled less than 0.8 percent. To put that number in perspective, just a few years earlier, aviation salaries had been rising at double-digit rates, partially as a result of an effort to compensate employes for the effects of inflation and partially because of the increased importance of aviation departments to many corporations.

This time, however, we noted that although many flight departments still had salary freezes or cuts in effect, the economic fog seemed to be lifting at most companies. And as the prospects for corporate profits improved, aviation personnel were hoping to be the beneficiaries.

It seems they have. Our latest (11th) survey of flight departments across the United States indicates that, on average, aviation salaries increased 6.9 percent nationwide since last year. Inflation in that same period increased only 4.2 percent, meaning that for the first time in recent history, aviation personnel salaries stayed ahead of inflation. Flight departments reported salary increases ranging from three to 12 percent, with the bulk of the increases falling in the four- to seven-percent range.

There are a smattering of operations still in a "freeze" condition, however. For example, business and aviation activity at some oil-related companies still has not reached the levels of just a few years ago. As one besieged chief pilot remarked, "I'm just glad to have a job."

But by and large, conditions are improving. For every flight department with a tale of woe, there were several others with expansion either in the works, or anticipated soon. One benevolent chief pilot, pointing out that a senior captain was long overdue for a raise that was now imminent, explained that the real reason why the captain hadn't received his increase was that he didn't want to "overwhelm him with taxes" just yet.

According to our survey, utilization is holding steady (although FBOs nationwide are reporting increased activity), and average load factors among the flight departments contacted are up nearly 20 percent over two years ago. One company has a go/no-go policy that requires at least 50 percent of the seats on any given airplane to be filled before the airplane is allowed to leave. In addition, the average stage length of the operators polled was up about 18 percent. Apparently, more people are flying longer trips.

The percent of noncompany passengers carried by flight departments varied from zero to 65 percent, with the average falling in the five- to 10-percent range. When noncompany passengers were carried, it was almost invariably part of a marketing effort, either transporting clients to or from a sales presentation.

Two of the flight departments B/CA

contacted were beginning scheduled service using commuter airline equipment between major company centers, adding to the small number of business operators already involved in that type of venture. Very few of our operators carried freight of any kind, with the exception of interoffice mail and spare parts. One operator had configured its Falcon 10s with a "quick-change" interior for carrying parts to keep production lines humming.

B/CA's question on the public-relations use of business aircraft caught many security-conscious chief pilots by surprise. Most reported that any mercy missions the company authorized were done without publicity. Many are members in medical transportation groups (like local burn units and the Corporate Angel Network). Although one operator got a lot of public-relations value out of their airplane in flying local city officials to a submarine dedication, business aviation remains largely a private endeavor.

The key to business aviation activity still, of course, is the economy. Concerns about interest rates, the November elections, new tax-law changes and the economy in general were voiced by several flight department chiefs. The recession of the past few years has apparently been so deep and so wrenching that it has changed the way that many companies do business, and that includes their aviation operations.

Whether business activity holds, and business aviation activity with it, remains to be seen. But for now, most aviation department heads are upbeat, thankful for some long-overdue wage increases, and happy to be flying.

The Determinants

Salary levels are set according to a myriad of factors that vary in number and magnitude from company to company. Determining individual salaries within an aviation department, as for any employe, is a business *judgment*, not a technical exercise. As such, the salaries reported here cannot be used in themselves to justify an increase or establish a base salary.

The six principal factors affecting aviation department salaries are: (1) financial health of the employer; (2) company policy; (3) tenure; (4) qualifications and responsibilities; (5) job performance and (6) geography.

The financial health of the employer is critical in determining salaries. If the employer is in the throes of a depression, no amount of cajoling will produce a significant increase in salary. Indeed, and as demonstrated during this last recession, flight department budgets are among the first to be frozen or cut. If your company is doing well, it only stands to reason that the flight department should be compensated for its contribution to the cause.

Figure 1 **Comparative Salaries 1983/1984**

	1983	1984	% Annual Increase (Decrease)
Heavy Jet (over 35,000 lb)			
Chief Pilot	$82,970	$80,780	(5.0)
Captain	45,100	47,340	5.2
Copilot	33,400	32,918	(1.4)
Chief of Maintenance	38,425	41,253	7.4
Line Mechanic	27,000	29,250	8.4
Medium Jet (13,501 to 35,000 lb)			
Chief Pilot	$40,160	$40,811	1.3
Captain	38,080	39,135	2.8
Copilot	27,929	29,402	5.3
Chief of Maintenance	36,736	34,033	(7.4)
Line Mechanic	25,640	27,322	6.5
Light Jet (up to 13,500 lb)			
Chief Pilot	$35,000	$39,000	11.4
Captain	30,500	34,996	14.7
Copilot	22,500	28,000	24.4
Chief of Maintenance	31,000	32,000	3.2
Line Mechanic	21,500	26,000	20.9
Heavy Turboprop			
Chief Pilot	$46,000	$49,000	6.5
Captain	35,010	38,000	8.5
Copilot	26,000	31,640	21.5
Mechanic	20,400	26,600	30.4
Cabin Class Piston Twin			
Pilot	$25,500	$27,000	5.9
Turbine Helicopters			
Pilot	$32,050	$36,640	12.3

Salaries were up an average of 6.9 percent over 1983 among flight departments surveyed by B/CA. This improvement follows a two-year hiatus in salary increases.

Second, company policy dictates aviation salaries. If the company has historically paid a certain amount for the services of its flight crew, oftentimes inertia is enough to keep it at that level, regardless of industry-wide evidence to the contrary. One aberration in this pattern emerged in this year's survey. Several companies reported that although their company-wide salary increase was a certain percentage, the flight department was averaging several points over that figure. The chief pilots we spoke to characterized it as reparation for being the first department to feel the budget knife when the recession started.

Third, among financially healthy companies with competitive aviation salary structures, tenure plays a major role. Among the higher salaries reported in our own charts, nearly all are for senior employes who have often been with a company for over 30 years.

Fourth, qualifications and responsibilities play a major role in setting salaries. Although ratings, licenses and degrees obviously play a large part in determining the responsibilities and pay scales of aviation managers, pilots and mechanics, there seems to be some controversy among our survey sample over the salaries due pilots and mechanics of larger aircraft vis-a-vis those of smaller and presumably less-complex aircraft. About half of the flight departments we contacted paid on a bigger-pays-better scale, much like the traditional airline practice of orienting pay scales to the size of the aircraft being flown. However, an equal number of flight departments felt that "a pilot is a pilot" and that salaries should be set irrespective of all but major differences in aircraft size or type.

Job performance is the fifth and perhaps most subjective determinant of aviation salaries. Although it is very difficult to factor into a formula such intangibles as enthusiasm and professionalism, these aspects of job performance remain a prime factor in gauging the appropriateness of salary increases.

Finally, geographical differences in the cost of living can warrant differences in the pay scales between one area and another. Statistical information on regional variations in the cost of living are available from Runzheimer & Company of Rochester, Wisconsin and the American Chamber of Commerce Researchers Association in Indianapolis.

Several of the salaries reported for out-of-production airframes had been moving up in recent years, but now seem to be declining. Perhaps this is because as these

out-of-production aircraft lose their value, they are bought by more "first-timers" to business aviation, who hire pilots at entry-level salaries. For instance, there is a declining number of earlier Learjet 20s among the *Fortune 500* companies (which offer the highest salaries in business aviation.) Used Series 20 Learjets cost significantly less than most new business jets; therefore, most of these aircraft are now being operated by companies that typically pay lower salaries.

As the older aircraft are sold off by established flight departments, the high salaries that their senior pilots accrued fall to the replacement aircraft. On the other hand, the B/CA survey revealed that pilots of recently introduced aircraft (such as the Canadair Challenger) are likely to have lower average salaries than those of older designs (like the Gulfstream G-II and G-III) of the same class.

The Survey

In late June, B/CA began contacting its control group of flight departments across the United States. The results of this year's poll of 682 aviation personnel salaries are based upon conversations with 113 flight departments.

We spoke directly to either chief pilots or aviation department managers, although in two instances (with two very large flight departments) we spoke to personnel within the compensation departments. Great effort is expended to eliminate any bias or unconscious attempt to distort the salary picture by persons who might wish to report their salaries as larger than they actually are in the hope that apparent big gains by fellow pilots would influence their boss to raise their salaries in like manner. Hence, we conduct our survey with the highest-ranking person responsible for the compensation of flight department personnel.

By talking with key personnel, we were also able to take the pulse of the industry, getting a feel of how things are going. We asked several questions related to the level of the company's aviation activity over the past year, recorded utilization statistics, and finally culled base-salary figures, from which the numbers in the accompanying charts were tallied.

Aviation personnel are categorized by primary duties, and assigned a job "slot" for the purposes of B/CA's Salary Survey. Many of the higher-salary pilots retain dual currencies in different types of aircraft, and several of the flight departments B/CA contacted reported that they employ pilots qualified in both fixed and rotary wing aircraft.

Survey scrutinizers may notice some changes in the way our numbers are tallied. For 1984, we have broken out the Falcons, Learjets and Beech King Airs into individual series. In addition, a Cessna Citation III category has been added. Along with increases being reported, this change has affected the totals, making direct comparison with last year's totals difficult. But this presentation gives a more focused look at the salaries of pilots of a particular model aircraft.

Benefits were valued as an additional 27.53 percent of the base salaries, irrespective of bonuses. (Benefits mentioned here include the costs of life, health, and loss-of-license insurance in addition to company cars, when provided.)

Nearly all of the flight departments surveyed were covered by major-medical insurance and long-term disability benefits, but a small percentage of the group were still not covered by a dental plan. This lack of dental coverage seems to be limited to smaller companies, which, although they do not have a dental plan, usually offer employes a reduced corporate rate for those services.

Several of the flight departments reported that chief pilots were either supplied with company cars or a company car allowance (in one case totaling over $6,000). Only those flight departments that are in the automobile industry provided cars or a car allowance to line pilots or mechanics.

Loss-of-license insurance remained comparatively rare. Only between one quarter and one third of the respondents have such coverage. Many companies had formal or informal retraining programs for pilots who lose their licenses.

Of particular interest this year were the bonuses given to flight department personnel. With record profits at many corporations last year and similar results expected for 1984, bonuses ranged from just under $1,000 to a staggering "over $30,000" for a chief pilot at one company. When bonuses were part of a compensation package, they were usually offered to all the employes within the flight department or within the company as a whole. While these bonuses are not incorporated in our survey results, they can add from one to 50 percent to an aviation department's salaries. As bonuses are linked to corporate performance, however, the flight departments that depend upon them face a feast-or-famine situation—in "off years" these massive bonuses disappear.

The B/CA Salary Survey is meant to be a management aid. When budgeting flight department salaries, keep in mind that the figures reported in our charts are just that—reported. B/CA's accuracy is considered to be ±5 percent of the median salaries listed.

This survey was conducted by telephone. B/CA has a control group of over 100 flight departments that we try to contact each year. We have made no effort to qualify any of those flight departments contacted as being representative of industry pay scales or fringe benefits. Originally, these flight departments were selected randomly by geographical area and type of equipment operated. To ensure confidentiality, the names of responding companies were separated from the responses. We believe that a telephone survey of aviation managers, chief pilots and compensation departments affords greater accuracy while eliminating many ambiguities and possibilities for biased results. □

Figure 2

Aircraft Utilization

	Average Load Factor	Average Stage Length (nm)	Hours Flown Per Year
Gulfstream II/III	5.3	1,008	660
Challenger CL-600/601	4.1	980	450
JetStar	3.6	450	375
Falcon 90	4.3	1,000	385
Sabreliner	3.4	578	558
Falcon 20/200	5.5	438	488
HS 125	3.0	462	521
Citation III	3.9	592	642
Learjet 55	3.2	350	700
Westwind 1/2	3.2	383	480
Learjet 35	3.4	591	447
Falcon 10/100	3.2	346	503
Learjet 20	2.6	586	345
Citation I/II	3.5	325	574
Gulfstream I	6.8	283	580
King Air 200	3.8	284	576
King Air 90/100	3.5	291	488
MU-2	3.0	251	401
Cheyenne I/II	2.8	280	275
S-76	3.8	43	580
Cabin Class Piston Twin	3.0	283	474

Figure 3

National Summary of Salaries

Turbojet/ Turbofan		Gulfstream G-II/III	Challenger CL-600/601	Lockheed JetStar	Falcon 50	Rockwell Sabreliner	Falcon 20/200	BAe HS 125
Chief Pilot	High	$80,160	$68,000	$68,000	$68,840	$74,300	$60,200	$74,000
	Median	68,840	59,000	54,480	56,800	61,250	54,500	56,000
	Low	50,160	46,000	46,000	47,510	55,800	50,000	32,400
Captain	High	$69,540	$55,000	$59,000	$59,461	$55,600	$58,508	$49,250
	Median	54,480	44,000	43,136	48,180	42,088	44,600	42,900
	Low	41,100	34,000	39,000	36,000	32,903	36,556	28,680
Copilot	High	$45,550	$34,000	$34,000	$42,194	$37,752	$44,100	$37,000
	Median	39,080	31,450	29,040	32,100	34,275	31,700	27,600
	Low	27,170	27,000	28,000	26,600	24,000	27,000	19,440
Chief of Maintenance	High	$54,600	$59,000	$59,000	$42,410	$45,240	$47,500	$47,200
	Median	46,000	39,000	39,000	41,011	40,150	37,960	38,400
	Low	33,540	34,900	35,640	31,000	36,400	33,250	30,000
Mechanic	High	$41,508	$34,000	$34,000	$37,013	$40,380	$42,000	$34,500
	Median	31,420	27,000	26,862	31,750	29,580	33,250	26,175
	Low	21,000	22,800	21,000	19,000	17,368	20,000	18,090
		Citation III	Learjet 50 Series	IAI Westwind	Learjet 30 Series	Falcon 10/100	Learjet 20 Series	Citation I/II
Chief Pilot	High	$55,083	$53,250	$52,000	$72,000	$64,500	$49,100	$49,683
	Median	51,000	49,350	45,000	44,500	49,200	37,500	39,000
	Low	40,600	38,850	32,000	35,000	47,000	34,500	35,000
Captain	High	$48,120	$52,812	$43,890	$54,400	$47,000	$44,600	$42,612
	Median	41,584	38,000	37,000	38,436	38,900	28,704	34,996
	Low	38,120	28,000	31,303	30,192	33,000	25,000	27,500
Copilot	High	$35,100	$42,000	$34,105	$32,000	$41,000	$45,600	$32,376
	Median	33,930	31,840	28,215	27,750	31,810	27,500	28,000
	Low	29,160	22,150	26,500	24,000	27,000	25,000	21,100
Chief of Maintenance	High	$43,125	$42,300	$42,700	$42,000	$41,000	$36,100	$35,100
	Median	35,100	29,500	33,005	33,180	32,000	27,000	32,000
	Low	30,300	26,000	24,500	29,500	31,006	26,511	21,000
Mechanic	High	$31,500	$34,100	$30,000	$35,000	$38,100	$35,000	$28,000
	Median	25,810	24,112	25,000	27,024	31,000	23,950	26,000
	Low	20,000	23,000	21,000	22,296	26,460	20,800	20,000
Turboprop		Gulfstream G-I	Beech KA-200	Beech KA-90/100	Mitsubishi MU-2	Piper Cheyenne I/II		
Chief Pilot	High	$54,500	$52,000	$47,250	$49,600	$45,120		
	Median	49,000	45,500	41,000	34,620	35,500		
	Low	43,780	31,800	35,000	28,000	26,585		
Captain	High	$48,070	$41,000	$34,000	$36,060	$37,000		
	Median	38,000	34,000	31,500	30,000	32,000		
	Low	27,170	28,500	27,000	22,000	29,500		
Copilot	High	$33,000	$33,000	$30,000	$34,000	$33,900		
	Median	31,600	26,000	24,150	24,000	24,000		
	Low	25,700	24,035	22,000	19,000	21,600		
Mechanic	High	$33,000	$37,000	$33,000				
	Median	26,600	24,270	22,580				
	Low	22,000	21,840	21,000				
Other Fixed Wing		Cabin Class Piston Twin						
Pilot	High	$35,000						
	Median	27,000						
	Low	19,440						
Turbine Helicopter		Sikorsky S-76	Bell 222	Agusta 109A	MBB BO-105	Bell 206	Hughes 500	Aerospatiale AStar
Pilot	High	$48,500	$42,024	$37,800	$50,000	$64,000	$37,090	$41,000
	Median	40,510	39,738	33,600	39,000	38,000	33,888	31,902
	Low	26,125	35,000	31,105	29,800	30,160	29,500	28,000
Mechanic	High	$39,600						
	Median	31,180						
	Low	25,200						